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DAN SMOOT

TRADE AND TREASON

In 1964, President Johnson said his administration wishes "to build new bridges to Eastern Europe — bridges of ideas, education, culture, trade, technical cooperation, and mutual understanding for world peace and prosperity."[1]

In his 1967 State of the Union message, the President reviewed some of his bridge-building accomplishments, and suggested other measures he wants Congress to authorize — among them, an East-West Trade bill.

In 1966, Congress rejected an East-West Trade bill, which would have authorized the President to grant most-favored-nation tariff concessions to the Soviet Union and her European satellites.[2]

Under existing tariff laws, Congress has unconstitutionally given the President power to make tariff bargains with foreign nations. The President can reduce our tariffs against the products of a foreign nation to a level as low as the tariffs we impose against products of the "most favored nation" with whom we do business. That is, the President can give the nation, with which he is bargaining, tariff concessions as attractive as any that we give to any other nation. In return, our products are supposed to get reciprocal treatment.

The President has no authority, however, to grant most-favored-nation tariff treatment to any communist countries except Poland and Yugoslavia. Johnson wants authority to make most-favored-nation tariff deals with *all* communist countries, except red China, North Vietnam, North Korea, and Cuba.

In support of an East-West Trade bill, Secretary of State Dean Rusk says:

"For nearly two decades, we have put major restrictions on our trade with the Soviet Union and Eastern Europe. We applied these restrictions only when the Soviet Union extended control over its Eastern European neighbors and embarked on a course of aggressive expansionism. They properly signified our moral protest against the subjugation of half a continent and gave our protest practical economic effect . . . ."[2]

THE DAN SMOOT REPORT is published weekly by The Dan Smoot Report, Inc., Box 9538, Dallas, Texas 75214 (office at 6441 Gaston Ave.). Subscriptions: $18.00 for 2 years; $10.00, 1 year; $6.00, 6 months; first class, $12.50 a year; airmail, $14.50. Dan Smoot was born in Missouri, reared in Texas. With BA and MA degrees from SMU (1938 and 1940), he joined the Harvard faculty (1941) as a Teaching Fellow, doing graduate work in American civilization. From 1942 to 1951, he was an FBI agent; from 1951 to 1955, a commentator on national radio and television. In 1955, he started his present independent, free-enterprise business: publishing this REPORT and abbreviating it each week for radio and TV broadcasts available for commercial sponsorship by business firms.

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Do we have no reason for "moral protest" now that Soviet subjugation of "half a continent" is complete, and enforced upon millions of Europeans by Soviet armies?

Secretary Rusk says conditions have altered:

"In recent years, there have been substantial changes among the communist nations . . . . Windows in Eastern Europe are being gradually opened to the winds of change. Most of the countries of Eastern Europe have shown signs of increasing independence in guiding their own economic and political courses . . . ."(2)

Rusk gives no facts or specifics to substantiate his broad allegation about "changes among the communist nations." There are none to give. Communist countries of Eastern Europe are still part of the monolithic Soviet bloc. They do not deviate from Soviet policy, because their governments are puppets kept in power by Soviet military might.

It is alleged that an East-West Trade Bill will help European communist nations become independent of the Soviet Union, but the principal beneficiary of the bill will be the Soviet Union itself!

In his 1967 State of the Union speech, Johnson said:

"We have removed more than 400 non-strategic items from export control."

There is quite a story behind that statement.

After World War II, it would have been impossible for the Soviets, without help, to build industries capable of equipping their military forces with the complex weapons of the post-war period. They did not have adequate machine tools, precision instruments, electronics equipment, electrical power plants, critical materials, atomic-energy technology; and their socialist system could not produce these things fast enough to compete with America. The only way they could have them was to get them from us. This they did.

As the great war ended, our government poured billions of American tax dollars into the United Nations Relief and Rehabilitation Administration to help war-ravaged countries of Europe. Our money did relieve suffering in Western Europe, but it also financed the communist conquest of Eastern Europe and the development of communist war industries.

American tax money dumped millions of dollars' worth of strategic materials into Austria and other Soviet-occupied zones — whence they were funneled into the Soviet Union.

Not until 1948, when communists took over Czechoslovakia, did the American government officially recognize that the Soviets were trying to build war industries and military power for the conquest of the world.

Following the Soviet coup in Czechoslovakia, the U. S. Congress enacted the Export Control Act of 1949, prohibiting shipment, from the U.S., to the Soviet Union and her satellites, of strategic materials. Our government *asked* Western European nations receiving our aid not to ship to the Soviet bloc any strategic goods which our own industries and citizens were not allowed to ship. The U.S. and 14 nations on the U.S. dole set up elaborate international control organizations, and compiled a commodity control list of several hundred vitally strategic items which were not to be shipped to the Soviet bloc.

It soon became apparent to Congress that all of this was a farce. Despite the commodity control list, American materials, which the Soviets wanted for war industries, were being shipped, at American taxpayers' expense, to our allies, who were trading them for Soviet raw goods.

In the foreign aid bill of 1951 (commonly known as the Battle Act, because its essential provisions were written by Congressman Battle), Congress *demanded* the withholding of aid from nations violating the Export Control Act embargo list; but our allies continued to ship strategic goods to the Soviet bloc; and the Truman and Eisenhower administrations continued aid. There were also vast black-market operations, along the

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iron curtain, which poured American strategic materials into the Soviet Union. The Battle Act of 1951 did, however, slow down the flow of strategic goods to the Soviet bloc for a while.

When Joseph Stalin died in 1953, the new Kremlin rulers revived the "peaceful coexistence" propaganda theme, tantalizing western European nations with hopes of lucrative trade. Our allies put pressure on Eisenhower to liberalize prohibitions against trade with the Soviets. In March, 1954, Harold Stassen (then Director of the Foreign Operations Administration), after negotiations in Paris and London, removed some 200 strategic items from the Export Control Act embargo list.

Since 1954, our government has permitted Soviet-bloc nations to obtain items remaining on the embargo list, by licensing each specific transaction.

But this kind of trade with the Soviet bloc was too slow and cumbersome to mesh with President Johnson's schemes for building bridges of friendship to communist nations. On October 12, 1966, the Department of Commerce announced the removal of 400 items from the Export Control Act embargo list. The Department reclassified the 400 items from "strategic" to "non-strategic." Among the "non-strategic" items which Soviet-bloc nations may now buy in the U.S., without special license or other restrictions, are diesel engines, machine tools, rifle cleaning compounds, radio communications equipment, navigational devices, electronic computers.

Removal of items from the embargo list so that Soviet-bloc nations can buy them freely in the U.S., and the passage of an East-West Trade bill to admit communist goods into the U.S. on a most-favored-nation basis will not, however, stimulate real trade with the communists. Communist nations do not have hard currency for purchasing our goods. Private firms cannot safely grant credit to communists, or profitably make barter deals with them.

As Congressman Edward Derwinski says:

"There cannot be any legitimate trade as we know it with the Soviet Union. Their persistent disrespect for patent and copyright laws, their desire for items to help their military and heavy industry, their disregard for the consumer demands of their own citizens, their willingness to dump items at a loss on the world market — all give evidence of the impracticality of basic trade relations with the Moscow dictatorship."[3]

Johnson can stimulate trade with our enemies only by financing it with American tax money.

In his 1967 State of the Union speech, Johnson said:

"We have determined that the Export-Import Bank can allow commercial credits to Poland, Hungary, Bulgaria, and Czechoslovakia, as well as Rumania and Yugoslavia."

This presidential determination—together with the removal of strategic items from the Export Control Act embargo list, in defiance of the Battle Act — means that Soviet European satellites can get American tax money to buy American products which they, and the Soviets, use to increase the flow of war materials to Vietnam.

On October 7, 1966, Johnson said:

"The Export-Import Bank is prepared to finance exports for the Soviet-Italian Fiat auto plant [an $880 million auto factory which the Italian firm will build in the Soviet Union and which will produce 600,000 cars a year, quadrupling Soviet car production]."[4]

This means that American tax money will strengthen the Soviet economy and enlarge its capacity for producing war materials to kill American soldiers.

Note the following passages from an Associated Press story, datelined Saigon, February 28, 1967:

"The communists' introduction of large, Russian-designed rockets into the Vietnam war spells big trouble for allied installations the country over . . . .

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"The 140mm rockets were first used Monday in an attack on the Da Nang air base that killed 12 Americans and 35 South Vietnamese civilians . . . .

"It seemed possible that the rockets and launching tubes were brought into the area by river barge during the cease-fire proclaimed for the Vietnamese lunar new year early this month . . . ."(5)

Note the following passage from a letter I have received from a young man in California:

"How can a person in my position (Draft Status 1-A) take an oath affirming loyalty both to the U.S. Constitution and to Lyndon Baines Johnson without perjuring himself? How can one swear loyalty to a man who has . . . given aid and comfort to the enemy (which is defined as treason in the Constitution) and at the same time swear to be loyal to the Constitution?"

A soldier takes an oath to defend the Constitution and obey the orders of the President. When the President gives aid and comfort to the enemy whom he orders the soldier to fight, the soldier can, I think, be excused for feeling himself on the horns of a dilemma.

Congress could keep the President from aiding and abetting the enemies of the United States, but half measures will not do.

The Battle Act of 1951 is only one of many fruitless efforts Congress has made to keep the President from using the unconstitutional foreign aid program to help the enemies of our country. *Congress should reject all foreign aid proposals this year, and abolish the foreign aid program.*

The Export-Import Bank (established in 1934 and made permanent in 1945, as the foreign lending arm of the United States government, to finance exports and imports) is unconstitutional. *To keep the President from using our tax money to finance trade with our enemies, Congress should abolish the Export-Import Bank by repealing the acts which created it.*

Congress should reject the East-West Trade bill when the President submits it.

The people should let Members of Congress know what is expected of them.

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FOOTNOTES

(1) "United States Policy And International Communism," State Department Document 3/40 (L) 1066BT, 1966, 3 pp.

(2) "East-West Trade Relations Act of 1966," Reprint from *The Department of State Bulletin* of May 30, and July 25, 1966, Department of State Publication 8112 (price 15¢), Superintendent of Documents, U. S. Government Printing Office, Washington, D.C. 20402, August, 1966, 9 pp.

(3) "Ten Reasons Against United States-U.S.S.R. Consular Treaty," speech by U.S. Rep. Edward J. Derwinski (Ill. Rep.), *Congressional Record*, January 24, 1967, pp. H570-5 (daily)

(4) "Transcript of President's Speech on Improving Relations With Eastern Europe," *The New York Times*, October 8, 1966, p. 12

(5) "Red Rockets Pose Threat in Vietnam," AP dispatch from Saigon, *The Dallas Morning News*, February 28, 1967, p. A1

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